EXHIBIT C

UNITED STATES BANKRUPTCY COURT

SOUTHERN DISTRICT OF NEW YORK

Case No. 05-44481-rdd

- -x

In the Matter of:

DELPHI CORPORATION,

Debtor.

- -x

U.S. Bankruptcy Court

One Bowling Green

New York, New York

July 29, 2009

3:22 PM

B E F O R E:

HON. ROBERT D. DRAIN

U.S. BANKRUPTCY JUDGE

agency never filed any proofs of claim on a timely basis, never filed a motion to file an untimely claim and you have a right to file a tardy claim. And, therefore, it's not to receive a distribution under the modified plan as to the discharge of any pre-petition liabilities.

I don't believe the Michigan agency is asserting that they can file an untimely claim. Although, I was advised prior to the commencement of this hearing that they may have filed such a claim in the last several days. But I've not been able to confirm it myself.

Just on that point, Your Honor, the Michigan Agency was served, these are indisputable facts, I believe. The Michigan Agency was served with the bar date notice almost three years ago but did not file a claim. It hasn't sought to file a late claim. It hasn't made a requisite showing of excusable neglect. Other comparable agencies around the country did file proofs of claims. So it's not as though workers' comp agencies around the country didn't realize that it needed to do so. And I don't believe that the agency can be surprised by the outcome that is occurring in this case, vis-a-vis the agency. And, obviously, to the extent that the claim was filed in the last couple of days, the debtors will vigorously oppose that attempt on the grounds, among other things, that their failure to file a proof of claim was a conscious and a willful decision, and was without, at minimum,

excusable neglect.

Your Honor, we have been in conversation and dialogue with regulatory authorities across the country about this case, including most affected workers' compensation agencies. And what we shared with them and every agency had a different set of facts, some filed claims, some didn't. Some had letters of credit, some didn't. Some had insurance policies, some didn't. Some had issues where they were substantially resolved and others had issues that had to be dealt with. But we have consistently addressed a common theme. That if a regulatory agency for workers' comp had not filed a proof of claim before the bar date that state would not be entitled to a distribution under the modified plan and we would oppose any attempt to file a late claim.

It's also I think very clear, Your Honor, especially as Your Honor considers bar date orders, and this I don't think we need to deal with in any detail in this hearing, but all creditors, whether they're private or governmental, have to abide by bar date orders, unless they forfeit distributions under a plan, and I can't think of anything more compelling at this point in time, then a claim that would intend to undue the fabric of the compact that's been agreed to among stakeholders in this case that will permit this company to complete a modified plan of reorganization.

I also point out, Your Honor, that Michigan has

previously filed several proof of claims relating to taxes and other matters, and Your Honor, actually adjudicated some of the State of Michigan's claims in other hearings.

The argument the Michigan agency makes that its claims are superior to the claims of all other creditors because of state regulatory requirements, and therefore, the debtors are compelled to honor workers' compensation obligations, simply doesn’t pass muster, particularly the focus of the preemption concepts in federal law. To the extent that this statue in Michigan purports to establish the priority of their claims over all other claims that statute is preempted by the Bankruptcy Code and is of no further force and affect. And in our papers we have quoted to a number of cases, including In re Law Corp. at 162 Bankruptcy 234, a 1993 Bankruptcy Court decision in the District of Minnesota. In re Redford Roofing Company, an Illinois case in the Northern District, a 1995 case, it's 54 B.R. 254, 255. And we tried to make clear that to all the agencies we worked with and in Michigan that, frankly, this Court is not going to use, and we believe in all respects, absent a consent which does not exist here in the plan or otherwise, is not going to use its equitable powers or other principles to alter the Bankruptcy Code's priority scheme. And we have looked to U.S. v. Nolan, the Supreme Court case at 517 U.S. 535, 1996 case, which I think addresses that concept.

Your Honor, I think that the -- in terms of the argument here that there's a violation of 1129(a)(3) of the plan because they will not be paid in full. Because the agency's unfiled pre-petition workers' comp claims aren't entitled to receive distributions under the Bankruptcy Code, the conclusion that we think is inevitable from that that the modified plan comports with 1129(a)(3) of the code.

They also point to an argument which is I think a bit confusing. They basically say that neither New Delphi, the company buyer, or General Motors' subsidiary that's acquiring four of the KEIP sites in Michigan plus the steering business, that they can't -- they won't be able to qualify self-insurers following confirmation of the modified plan and they won't be able to comply with state law as it relates to fulfilling workers' compensation obligations. And, therefore, that's a further violation of 1129(a)(3).

I don't understand that because in Michigan there are multiple paths to be able to comply with that statute. Self-insurance is only one of them. You can pool your workers' compensation obligations. There are other ways you can meet the requirements. And I don't believe there's anything they've introduced in their objection, or anything in this record, that would establish that there is no ability of either a General Motors or the company buyer, to comply on a post-effective day basis with the laws of the State of Michigan.

THE COURT: And what about the reorganized debtor, that the assets that remain behind?

MR. BUTLER: I think that's the same situation, Your Honor, particularly -- and we'll get to that. The fact of the matter is, that our reorganized DPH Holdings which is going to hold assets that are going to be wound down is going to have actually no employees. It's going to have an authorized representative which I'm going to identify in this hearing, as part of the hearing. And it's going to contract out on a management services basis the activities it needs to undertake to complete that. And so I don't believe that that particular activity, and reorganized DPH Holdings, may last for any period of years while it undertakes its work, but it's not going to have anyone, I think, going to necessarily be subject to those laws. To the extent that the company --

THE COURT: If it did it would be a very small number of people.

MR. BUTLER: It would be a very small number of people and the company would -- obviously, reorganized Delphi, DPH Holdings, expects to comply with all laws that are applicable to it.

The other thing that they argue is that there's a violation here. I addressed it briefly before. There's a violation here under 28 U.S.C. 959(b) because they say that we, as debtor-in-possession, won't comply with those applicable

laws. But, again, I don't believe -- they've used that statute and the argument to basically say that because the pre-petition, what I believe will be discharged workers' comp claims, aren't going to be paid that that is somehow a violation of the Bankruptcy Code and of 28 U.S.C. 959(b). And I don't think you can basically turn the Bankruptcy Code on its head and say okay, I didn't file a claim I'm going to be discharged, those workers' comp claims aren't going to be paid and, therefore, that's an independent basis under 959 to argue that there's a violation. Because that gets you sort of in the circular -- a circulatory of argument I don't think the Court should sustain.

State law may well establish priorities for the benefit of workers' compensation claimants outside of bankruptcy, but as I said before the Bankruptcy Code in our view, clearly preempts conflicting state statutes as discussed.

And I think the only other thing I'd like to address, Your Honor, is their reliance on Bickford v. Load Star Energy Inc. at 310 B.R. 70 at page 76. This was an Eastern District of Kentucky case decided in 2004. And that's a case that apparently required payment of a pre-petition claim in full. In Bickford a district court reversed a bankruptcy court order enjoining state officials for enforcing a post-petition bonding requirement against holders of surface mining permits in the ground that bonding requirements served, not only the state's

pecuniary interest, but also protect the state's citizens against dangers of unreclaimed land and came within the police power exception of the automatic stay.

In contrast, here, the Michigan Agency is not challenging the debtors' post-petition compliance with the state workers' compensation statutes and regulations because we, in fact, are in compliance and will remain in compliance with the post-petition obligations imposed on us.

Rather, they're asking the Court to say because we are not prepared to pay or to find a way through the MDA parties to pay pre-petition claims that for which no proof of claim was filed, that we are -- and because -- and notwithstanding the preemption provisions that are applicable here, our failure to do that somehow brings us back under -- apparently, under their argument, the police power exception, and makes the Bickford case applicable.

We simply believe it is not. We ask Your Honor to find that the objection is without merit and to overrule it.

THE COURT: Okay. I understood that the agency wanted to rest on its papers, but having heard the argument does it have anything further to say?

Okay. I'm going to overrule this objection to approval of the plan modification motion.

First, I seriously question the standing of the Michigan Workers' Compensation Agency, given that it did not

file a claim by the bar date established in this case, and has not sought over the last -- I guess it's over three years since the bar date was established, to do so under Rule 9006.

But even assuming that the agency did have standing to protect that hypothetical and currently barred claim, I believe that the objection is not well taken. As I read it, the objection is focused upon the debtors' obligations with respect to pre-petition workers' compensation claims which under the Bankruptcy Code's priority scheme are not entitled to payment in full given the value of these debtors as established by the exhibits, including Mr. Shore's.

The federal priority scheme under the Bankruptcy Code cannot be modified by state action. In that regard, I agree with the debtors and their citation to In Re Olga Coal Company, 194 B.R. 741 at 746 (Bankr. S.D.N.Y.), as well as In re Redford Roofing Company, 54 B.R. 254, 255 (Bankr. M.D. Illinois 1985).

The argument that Michigan made by regulation override the priority scheme of the Bankruptcy Code, I believe also is inaccurate, at least as it applies to these claims. This is, I believe, a true pecuniary claim seeking payment of pre-petition obligations. And, therefore, I believe does not run afoul of 28 U.S.C. 959(b). If it did, then the amounts would have been sought and paid years ago.

The objection also, although, not that clearly, raises perhaps an issue as to the payment of performance of workers'

compensation obligations going forward, that is after the closing of the transactions contemplated by the plan modification motion. The debtors have confirmed their agreement as the reorganized debtor to comply with their obligations under the Michigan regulations with regard to workers' compensation post-closing, based upon the exhibits and the underlying agreements before me. I believe that the debtors are correct that those obligations will be minimal and that the debtors will lack sufficient resources to perform the.

As far as the performance by GM, that is New GM, and the DIP lender acquirers going forward, to the extent that is an issue before me, I believe that they are (a) sufficiently incentivized to perform their obligations in respect of workers compensation going forward, and, secondly, have sufficient wherewithal to do so. Again, based upon the record before me.

The last basis for the objection is an argument that the payment under the confirmed Chapter 11 plan of these obligations or the provisions for their payment under the confirmed Chapter 11 plan now estop the debtors under various estoppel theories from treating them as a claim subject to the priority rules of the Bankruptcy Code. I conclude that there is not a basis for estoppel on those facts. The plan modification exhibits make crystal clear that the debtors financial circumstances have drastically changed between the confirmation of the present plan on file and the plan

modification, such that clearly the debtors' resources are not sufficient to pay a "par plus accrued recovery" to unsecured creditors, as the original plan provided. And, instead, the debtors' estates have the value as detailed in the declarations that have been submitted, and as borne out by the auction process that provides for greatly reduced ability to pay pre-petition claims. Therefore, if the debtors today in fact tried to pay these claims in full or a par plus accrued recovery, they would be violating the Bankruptcy Code.

Clearly, the confirmed plan had as a condition to its going effective, the closing of the EPCA or investor agreement, which did not occur. The plan obviously since it had that condition to its going effective contemplated the possibility of its not going effective, including the breach or termination of the EPCA. Consequently, I don't see a basis for estoppel given that the document upon which estoppel is asserted contemplates the possibility of the treatment that is currently being afforded to the claims of the agency, to the extent it has an assertible claim, as well as all other unsecured creditors.

Moreover, as far as equitable estoppel is concerned, as I said it would be highly inequitable to elevate these claims which are substantially similar to other unsecured claims over those claims.

So for those reasons, I'll deny the objection.

C E R T I F I C A T I O N

I, Clara Rubin, certify that the foregoing transcript is a true and accurate record of the proceedings.

Clara Rubin

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Clara Rubin

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